This document contains 10 case studies that examine community-based efforts to improve the economies and provide jobs in public and Indian housing communities. The innovative approaches described in the studies indicate the potential of local communities to address their most serious problems. The models have several common threads: creative and determined local leadership, coordination of diverse resources, creation of new opportunities, and development of the skills needed to capitalize on these new possibilities. Case studies describe training programs, employment programs, and business opportunities. The following programs are profiled: (1) onsite job training centers offering a comprehensive array of social services in Los Angeles; (2) a 2-year apprenticeship that teaches residents in Yakima, Washington, skills in the building trades; (3) a self-employment and business management training and revolving loan fund provided by the contractor in Baltimore, Maryland; (4) self-employment and business management training conducted by the housing authority in Bismarck, North Dakota; (5) an employment program for youth coordinated by the resident association in Minneapolis; (6) training in security and self-employment leading to the housing authority contracting with a resident-owned security company in Galveston, Texas; (7) affordable child care to allow parents to work at Leech Lake Reservation, Minnesota; (8) resident organizations and private construction companies forming new jointly owned businesses in Los Angeles; (9) a revolving loan program and business training promoting resident entrepreneurship in New Orleans; and (10) a comprehensive effort to assist in developing the local economy in Winston-Salem, North Carolina. Case studies include information on contacts, mission, description, community resources, program management, results, and lesson learned. (KC)
Creating Economic Lift:
Jobs, Training, and Business Opportunities in Public and Indian Housing

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Office of Resident Initiatives
Creating Economic Lift:
Job, Training, and Business
Opportunities in Public and Indian Housing

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October 1993

Dear Friend,

I am proud to present this collection of case studies that examines community-based efforts to lift the economies and provide jobs in public and Indian housing communities.

The innovative approaches described in the following pages indicate the potential of local communities to address their most serious and enduring problems. These models have several important ingredients in common: creative and determined local leadership, coordination of diverse resources, creation of new opportunities, and development of the skills needed to capitalize on these new possibilities. HUD and other Federal agencies stand ready to assist in these efforts. President Clinton is committed to ensuring that Federal anti-poverty programs offer more than just a safety net, but a springboard to opportunity and self-sufficiency.

In our struggle to reinvent government, this administration has harnessed the knowledge and experience of hundreds of community leaders from housing authorities, resident organizations, tribal councils, and other local institutions. We are providing education, service opportunities, and other tools to forge a new generation of active citizens. Following their lead, we will support them in their efforts to elevate their neighborhoods.

Close cooperation and coordination among Federal agencies ensure that problems are addressed in a comprehensive, integrated manner that provides real progress. Federal agencies are also developing partnerships with local resources, enabling communities to address their own unique needs. Through collaboration with institutions such as the Department of Health and Human Services, the Small Business Administration, the Department of Education, the Department of Labor, and local colleges, HUD is helping to provide education and training opportunities to prepare public and Indian housing residents for today’s economy.

The ingredients are available to reinvigorate local economies. We at HUD pledge ourselves to working with your community to identify and implement economic development strategies that respond creatively and effectively to provide economic lift for public and Indian housing families.

Sincerely,

[Signature]

Joseph Shuldiner
Assistant Secretary for Public and Indian Housing
Introduction

A defining feature of public and Indian housing neighborhoods across the Nation is their need for economic advancement. To receive housing assistance from HUD, families must have lower incomes than most other households in their areas. This lack of income restricts the ability of many public and Indian housing families to take advantage of opportunities for advancement. Problems such as child care, health care, education, and crime become much more difficult to overcome when families lack the resources to respond.

To address this situation, HUD is encouraging public and Indian housing administrators and residents to develop mechanisms that use available funds and services more effectively. The most successful of these efforts rely heavily on close cooperation with other resources in their communities. Leaders have tapped into private businesses, local government, schools and universities, social service providers, foundations, and the Federal Government to accomplish their goals. Very early in the planning process, organizations that are developing economic development programs must look closely at the resources their community offers and begin discussions with the people that control them.

One approach to economic growth involves convincing outside businesses to relocate into the neighborhood. This is the most difficult option, because so many factors are involved in that decision—such as taxation, the local labor market, and other broad concerns. Housing authorities and their residents have little control over these types of issues.

A second alternative is to identify existing job opportunities, teach residents the required skills, and assist in the application process. This method can be strengthened by incorporating Section 3 of the Housing and Urban Development Act, which requires housing authority contractors to employ low-income people as much as possible. Local educational resources—like Job Training Partnership Act providers—can help provide the required training or offer assistance in developing new training programs.

Another option helps people start new businesses, usually incorporating business management training, funding for initial costs, and marketing assistance. These businesses can be owned by individual residents or the resident management corporation and are usually located in or near the housing development.

Resident-owned businesses are important in expanding the community’s economy in several respects. First, the owners and employees live in the community and use their profits to improve their units. Given a chance to save some money or to buy higher quality household goods, residents feel better about their home and are more likely to take better care of their units. These positive role models are vital to the health of a neighborhood. Second, money that is funneled into the community stays longer. Businesses that provide goods or services that are in demand in the larger community bring money into the neighborhood—money that business owners use to hire neighbors, improve their units, pay taxes, and support other activities that improve the community. This process is especially significant when the business provides goods or services for the housing authority. In these cases, money that came from HUD is kept in
the neighborhood—rather than going to an outside contractor—and continues to benefit residents after the initial work is completed.

**Housing authorities can play a crucial role** in the development of resident businesses by contracting with them for goods and services. This valuable experience helps residents secure future contracts, both with housing authorities and other clients in the private market. It also provides experience in financial matters and generates profits that can be reinvested in the business.

The models described in this book incorporate various approaches to economic development. These case studies were written to assist housing authorities and resident organizations in developing their economic development programs. The contacts at each location have agreed to provide model documents and advice to those wishing to duplicate aspects of their programs.
Training Programs

Los Angeles, California: Community Service Center Program

Yakima, Washington: Building Maintenance Repair Apprenticeship Program
Los Angeles, California

Community Service Center Program

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Program Mission

Education, experience, and other employment training techniques are offered at five Community Service Centers, which also coordinate a comprehensive array of onsite social services. Through intensive case management, these services offer opportunity and provide support for residents to achieve independence by overcoming barriers in education, transportation, child care, substance abuse, and other areas.

Program Description

Community Service Centers are designed to provide the range of coordinated education and supportive services that are required to help lift entire families out of poverty. Starting with individual family assessments, the program addresses a wide variety of needs through academic skills training, vocational development, support programs, and stipends for expenses such as transportation and child care.

Case management is used with a family to identify the various barriers to independence faced by each member of the household. In addition to obstacles such as substance abuse and lack of education, cultural issues are also considered, such as those preventing women from entering the work force. After identifying the specific barriers facing a client family, case managers act as advocates, securing and coordinating the needed resources.

Participants have access to academic opportunities, including remedial education, high school equivalency classes, and English as a second language. More advanced skills are taught through volunteer tutors from the community.

“There is more to economic development than just providing jobs. Day care and other services must be available for people to be able to take those jobs.”

Julio Morales, HACLA

Job training and support services lead to independence.

Case managers ensure that family needs are met.
Career development support is provided through vocational education classes, on-the-job training opportunities, a 12-week seminar in self-employment, and a job placement service. Youth also have an opportunity to explore potential careers.

The most ambitious vocational training is designed to lift residents—including those who never finished high school—one step at a time from their current skill level to that of experienced building trades professionals.

One step is the Building Maintenance Trainee program, which provides a year of exposure to the construction crafts and qualifies graduates to perform routine maintenance for the Housing Authority of the City of Los Angeles (HACLA) or other housing managers. The final step is a State-certified Apprenticeship Program that provides HACLA employees with an opportunity to learn trades such as electrical, plumbing, and carpentry.

The central training functions of the trainee and apprenticeship programs are derived from the experience of working with veteran trade journeymen. Both programs take advantage of HACLA modernization staff openings, employing participants to perform required tasks in public housing communities. The programs use frequent merit raises and the potential for long-term employment as incentives for participants to complete the process. HACLA will use Step-Up, the new HUD apprenticeship program, to integrate the various components into a single process.

Beyond helping residents develop essential skills, the Centers also provide mechanisms for encouraging and sustaining the client's drive for personal growth. Counseling, mentoring for youth, and leadership and motivational training are among the services provided. The Centers enhance the neighborhoods' cultural, recreational, and social health by organizing field trips, self-improvement classes, athletic teams and sports activities, and visits by successful individuals from disadvantaged backgrounds who share their experiences with the residents. The Centers also conduct youth activities to help alleviate problems such as drugs, gangs, and teen pregnancy.

History

The Community Service Center program was ambitious from the start. HACLA targeted the most troubled developments for inclusion in the initial Community Service Center program. Centers were established onsite in five neighborhoods with extremely high poverty and unemployment rates and tremendous problems with gang violence and drug abuse. Each participating family faces numerous obstacles to self-sufficiency.

The project began as a joint venture between HACLA and the city's Community Development Department. HACLA was able to provide the space...
for the Centers, while the city concentrated on generating the required funding from its resources.

Letters of agreement on services to be provided were signed with many community agencies, and the directors hired to lead the Centers called upon their local contacts to provide additional services in their neighborhoods.

The Centers were opened on a staggered schedule to ensure that each new location received adequate support initially. Each offered the same menu of services, but these have been supplemented by Center directors and case managers to accommodate specific needs.

For the first 2 years, the city government operated the centers as a pilot program, turning management over to HACLA after that period. Although the city still provides most of the funding, HACLA has expanded the program to include all public housing residents by allowing the Centers to serve entire regions of the city.

Community Resources

The city helps fund the Centers by dedicating part of its allocations of the Federal Job Training Partnership Act (JTPA), Community Development Block Grant (CDBG), and the Anti-Drug Act. Coordinating these diverse funding sources was made easier because all are administered through the Los Angeles Community Development Department.

Although most of the services are provided directly by staff, the program also relies on in-kind assistance from some agencies and purchases services from others. Local unions have been instrumental in developing the apprenticeship training programs and conducting the accompanying classroom training. Classroom instruction in weatherization and basic construction skills is offered by a local utility company. The entrepreneurship workshop is conducted by the Coalition for Women’s Economic Development, and basic training in academic skills is provided through a contract with the school district.

Community volunteers are a major component of the program, providing tutoring, mentoring, and other services. Volunteers are recruited from the University of California at Los Angeles, local libraries, and other community groups. Various departments in city government, as well as other public and private organizations, contribute funding and staff time to the cultural activities.

Program Management

The entire program is directed by a HACLA Operations Manager. However, the Center directors have broad discretion in the implementation of their programs. Many of the services offered in individual Centers are the result of contacts with local agencies. Case managers also have a
Trainees and apprentices are supervised by HACLA housing management staff.

Many Center graduates are currently employed by HACLA.

detailed listing of available community resources that was developed at the outset and is updated regularly.

Unlike other service coordination programs where many "vendors" are brought together into a single location, most services are provided directly by city employees who staff the centers. Personnel at each center include up to seven case managers, outreach and intake workers, basic education instructor, clerical and support staff, and numerous volunteers. HACLA makes strong efforts to hire qualified residents as much as possible.

A budget is established for each family according to its needs. Case managers are given the authority to put together a package of services to meet those needs using sliding fee scales, in-kind services, and contracting with outside vendors. According to HUD rules, money paid to family members as training stipends or to cover expenses is not counted as income when calculating the family's rent.

Participants for the Building Maintenance Trainee program are selected by lottery from each development. If participants lack particular academic skills required by the job, they receive instruction at the Centers. Vocational skills are learned on the job and in classrooms under the supervision of experienced HACLA staff. Staff from the Centers assist program graduates in obtaining employment in the private sector when desired.

The more advanced Apprenticeship Program is directed by the Joint Apprenticeship Training Committee, which is made up of HACLA staff and local union representatives. Apprentices are selected to fill vacant construction positions.

Results

In the most recent program year, 191 people had enrolled in the adult component of the Community Service Centers. Of those that left the program, about 47 percent had gained employment. Other positive outcomes, such as entering postsecondary education or advanced vocational training, were attained by 103 participants. More than 50 percent of participating youth secured employment.

Fifteen participants graduated in the first class of the Building Maintenance Trainee program. All were hired for permanent jobs—seven by HACLA. More than one-third of the employees are public housing residents, and many of these are former clients of the program.

The most significant results noted by Center personnel have been changes in expectations among residents who have been served by the program. In one case, an 18-year-old high school dropout enrolled in clerical training through the program. Her experience in the center helped motivate her to finish high school and take a clerical job. Since then, she has completed the cycle by supervising youth at the Center.
ultimately advancing to a case manager position. Now she is in a position to provide the services she once received.

As more residents complete the Trainee program and secure employment with HACLA, the number of residents in the apprenticeship program will also grow. When HACLA implements the Step-Up program, residents will be recruited directly into the apprenticeship program.

Lessons Learned/Adaptations

Community support for a service coordination program is vital. To develop that support, it is essential to involve residents and advisory councils in the planning process. It is also important to include the private sector early in the development of the program. HACLA and the city found it easiest to start with a youth program, building support and additional services around successful results. Even stronger relations with residents were developed when HACLA took over program operations, allowing greater responsiveness to resident concerns.

This type of support is crucial as the program develops. Some services may not be very popular initially because they challenge cultural norms or encourage residents to venture into uncharted territory such as business ownership. Community outreach and publicity should build upon program successes and target both public housing residents and the community at large. Participants also may need extra help developing the confidence needed to take on these added challenges.

During outreach activities as well as during program design, goals and objectives should be realistic. Every promise must be kept. Confidence in the program can be fostered by demonstrating a commitment to address root problems over an extended period of time, rather than going for a quick fix. For long-term benefits, contact with clients and their families should be maintained after they leave the program.

To be effective, the activities offered need to include a broad range of services that address the wide variety of challenges faced by the low-income community. In addition, staff need to be familiar with the various services and funding sources that are available and flexible enough to take full advantage of them. These objectives require ongoing staff development training, strong networking contacts, and delegation of authority to the Center directors and case managers to adapt the program to meet individual family needs.

Adequate space to accommodate the wide array of programs in a single location is also important. Even when multiple funding sources exist, effectiveness demands that the services be delivered at a single location as much as possible.

Because public agencies often avoid apprenticeship programs, strong commitment is needed for a housing authority to succeed in implement-
Unions are an important source of community support.

It is difficult to achieve the optimum number of funding sources that can provide flexibility but do not demand too much administration time.

Unions can provide flexibility when dealing with government agencies. In other ways, union support has been vital in developing and implementing the trainee and apprenticeship programs. Close communication with the unions has been instrumental in reducing tensions and preventing the animosity that often develops between civil service and union workers. Union members often fear that wages will fall when companies begin hiring lower skilled workers at lower wages. For that reason, California unions have been active in developing rigorous State requirements for apprenticeship certification. As a result, residents can be assured of high wages after graduation and a certification that will allow them to work in their trade anywhere in the country.

Because funding has become so scarce on both the Federal and local levels, HACLA has learned some important lessons about funding sources. The program is careful not to depend too heavily on any one funding source because individual grants generally only pay for limited services. HACLA staff also try to avoid spending excessive amounts of time chasing many grants because each grant usually includes numerous administrative tasks. HACLA has chosen to pursue financing from three major sources and several smaller ones. With this arrangement, staff are able to integrate the strengths of each funding source while addressing their primary issue: overcoming the barriers faced by very low-income families.

Program administrators also have discovered the competitive value of continuing to upgrade their program. By staying on the cutting edge, they have been able to secure limited demonstration project funds.
Yakima, Washington

Building Maintenance Repair Apprenticeship Program

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Program Mission

To address high levels of poverty and low levels of education in its community, the Yakima Housing Authority (YHA) has embarked on a path to economic empowerment through education and experience in the building trades. Participants in the Building Maintenance Repair Apprenticeship Program become qualified for a career that often pays more than $12 an hour.

Program Description

The apprenticeship program is a 2-year experience that combines classroom training with actual building maintenance experience. Because a high school diploma is required for completion of the course, GED training has also been arranged in the evenings for those who require it. Participants are required to work 8 hours daily on various building maintenance projects. The work is complemented by 44 hours of education in machine theory and operation that the apprentices receive within each 6-month period.

All building maintenance skills are covered, including electrical, plumbing, flooring, carpentry, lead-based paint removal, and small appliance repair. In the future, the housing authority hopes to expand the program to include skills needed for construction of new homes.

During their service as apprentices, participants are paid according to the HUD-mandated rate, which is currently almost $9 per hour. While residents are in training, their pay is not counted as income when YHA calculates their rent. Certified maintenance workers will earn more than $12 per hour, and wages will continue to rise as they gain more experience.

“Public housing should be a hand up, not a handout.”
 Alan Bashaw, YHA

The program offers classroom and on-the-job training and pays well during training.

Apprenticeships provide entry into a high-wage career.
When apprentices graduate from the program, they will receive a certificate of completion signed by the Secretary of Labor, authorizing them to perform building maintenance repair work.

**History**

The small town of Yakima is confronted by issues such as poverty and inadequate education that are of big-city proportions. As in many communities, these problems are concentrated even more heavily in public housing neighborhoods.

The county poverty rate of more than 20 percent is about double the rate in the rest of the State. Only two-thirds of the adult population has graduated from high school, and the teen pregnancy rate is causing alarm among local leaders.

The authority operates only 150 public housing units. However, staff realized that their constant communication with contractors and vendors gave them an informal network of information on job opportunities. To take advantage of these openings, residents would need an education in the skilled trades.

Working closely with the Resident Initiatives Coordinator (RIC) in the HUD Field Office, YHA was able to negotiate an agreement with the local Department of Labor (DOL) office regarding the content and standards to be used for their apprenticeship program.

After receiving approval from HUD in March 1992, YHA registered the program with the Washington State Bureau of Apprenticeship and Training and began the screening process for selecting its first participants. These pioneers are expected to graduate in April 1994.

**Community Resources**

The Resident Initiatives Coordinator in the Seattle HUD office was instrumental in helping to coordinate development of the program. He served as a liaison with DOL during the negotiations over program content. YHA had obtained a sample apprenticeship program from the National Association of Housing and Redevelopment Officials (NAHRO) and began adapting it for local use. DOL staff provided expertise in developing apprenticeship programs and other technical assistance.

At the local level, a retired contractor who had developed apprenticeship programs in other States volunteered his services on the program board. Suppliers for YHA contributed by teaching participants to operate various types of equipment and tools. A free GED program at the community college was made available for apprentices. Also, YHA began talking with local trade unions about membership for program graduates.
Program Management

Motivation is the primary criterion for acceptance into one of the program's six training areas. It is understood that many of the applicants will not have very much education or employment experience. The application form is a brief questionnaire that collects basic information such as name, address, and level of education. The real screening is done during a 3-month period when the applicant works for YHA on a temporary basis.

Training is provided at no additional cost by YHA maintenance staff and vendors that supply equipment for YHA. The vendors explain operating techniques for the equipment and tools used in the trade. YHA staff demonstrate the required skills and supervise the apprentices as they practice the skills they have learned by performing needed maintenance on YHA properties.

The program is governed by a 5-person board made up of local volunteers and YHA staff. Although the program requires support, supervision, and flexibility from YHA employees, it has been successfully launched without additional staffing.

Program Results

The first apprentices started the program in April 1992. Five people have been enrolled in the program, but only three are currently participating. Two apprentices found employment based on the skills developed in the program, one as a full-time grounds-keeper for YHA. Of those currently enrolled, the class leader is a mother of three in her thirties.

Although the program has been operational for only a year, results are already evident. Participants are gaining the benefits of marketable skills, improved self-esteem, and greater respect in the community. People are responding to the sight of their neighbors repairing their units by improving the appearance and quality of their own developments. Vandalism has decreased visibly.

YHA staff also benefit from the satisfaction and pride of operating a meaningful program as well as an improved community image. Also, evaluations show that repair work has maintained standards of quality and timeliness.

NAHRO recognized the YHA apprenticeship program with an Award of Merit in their region and entered the program in their National Awards of Excellence competition.

Lessons Learned/Adaptations

Many employment training programs are not as successful as they could be, according to the program coordinator. The biggest reason is the level
of wages offered. This apprenticeship program is effective, he believes, because the wage is enough to meet many of the personal and family needs of participants, such as child care, medical care, and other basic expenses. The potential for even greater income also motivates participants to complete the program.

The strong leadership and cooperative attitude exercised by Federal agencies also plays an important role in the development and implementation of the program.
Employment Programs

Baltimore, Maryland:
Resident Self-Employment Program

Bismarck, North Dakota:
Education in Business Development

Minneapolis, Minnesota:
Youth Employment Program
Program Mission

The Housing Authority of Baltimore City (HABC) provides support services and financial and technical assistance to help develop resident-owned businesses and contracts with Business Owners Startup Services (BOSS) to teach business skills to residents.

Program Description

HABC offers an extensive network of human services to assist residents in attaining self-sufficiency. Case managers ensure that participants in the self-employment program have access to child care, transportation, educational opportunities, and other vital support systems.

The authority plays an important role by continually reviewing its own needs for products and services and encouraging residents to pursue businesses that fill these needs because contracts would be readily available to them. HABC has also developed a Barriers Task Force to identify obstacles to self-employment and assist residents in overcoming them.

Education in business management and self-employment is provided by BOSS through 12 weeks of daily 7-hour classes. In the classroom, students learn business management, marketing, and finances and develop motivation and essential business skills. They also hear from graduates and other small business experts. Participants receive one-on-one counseling to help develop their business plans.

When the course is over, graduates receive technical help in implementing business plans, setting up financial systems, and fulfilling legal obligations such as permits and taxes. Graduates recommended by their business counselors are eligible to compete for loans from a fund that helps cover the cost of initial expenses. Participants who decide they are
Support continues after the business opens.

HABC received a self-employment demonstration grant from HUD in 1992.

A loan fund operated by CEBO offers banks a low-risk avenue for investing in their community, as required by Federal law.

Close coordination among local resources helps remove obstacles.

BOSS receives support from many sources in the city and State.

BOSS receives support after the business opens.

IIABC received a self-employment demonstration grant from HUD in 1992.

A loan fund operated by CEBO offers banks a low-risk avenue for investing in their community, as required by Federal law.

Close coordination among local resources helps remove obstacles.

BOSS receives support from many sources in the city and State.

not yet ready for business ownership get assistance in locating employment that uses their new skills.

Support is offered even after the business has been established. Entrepreneurs are encouraged to attend additional seminars and are introduced to resources that can help with marketing, inventory control, recordkeeping, and other business matters. A mentoring program pairs successful business people with the new entrepreneurs.

History

HABC has a tradition of working closely with resident organizations and providing comprehensive services for resident advancement. The citywide Resident Advisory Board (RAB) has been an active participant in HABC decisions.

This history was a factor in the recent decision to award the authority a 1-year HUD grant for self-employment technical assistance. The grant allowed BOSS to expand its enrollment, specifically targeting public housing residents for service. Resident groups have been assisting in outreach and recruitment efforts.

BOSS has been active in the Baltimore community for 4 years. It is managed by the Council of Economic and Business Opportunity (CEBO), a private nonprofit organization funded by city, State, and foundation grants. Participants in the program are usually recruited through case workers in the Aid to Families With Dependent Children (AFDC) and unemployment compensation programs.

The loan fund was established by CEBO because local banks were not willing to invest in program graduates. To meet their legal obligations to invest in their communities, however, banks agreed to contribute small amounts of capital to the fund, which shields them from potential loan defaults.

Community Resources

Baltimore is unique because the executive director of HABC is also the commissioner of the city's Department of Housing and Community Development, which is responsible for many city functions, including zoning. This system allows a level of coordination that has been instrumental in advancing the goals of the Barriers Task Force. The task force also has representation from the State Department of Employment and Economic Development, BOSS, and CEBO.

BOSS operates mainly through funding from State and local governments, but many other local organizations also sponsor BOSS activities. The local Private Industry Council, Maryland Small Business Development Center Network, and a local foundation are among the organizations that are committed to entrepreneurship. The targeting of public
housing residents was made possible by a demonstration grant from HUD.

Local entrepreneurs, including previous BOSS participants, volunteer to serve as guest lecturers, mentors, or members of a resource network for BOSS graduates. The CEBO board of directors consists of prominent community business people.

The Small Business Administration (SBA) provides assistance in a variety of ways. The organization offers study materials and sends guest lecturers to the classes. SBA also contributes money to the loan fund and furnishes graduates with sample business documents.

Program Management

HABC has committed two staff members to the self-employment program. The program administrator develops funding and monitors grants. The coordinator recruits residents and coordinates the support services that enable them to participate. These services are part of ongoing HABC programs offered to all residents.

The staffing requirements of BOSS include three business trainers, a secretary, a director, and a counselor. In addition to coordinating services for nonresident participants, the counselor provides all clients with assistance in attaining waivers from various government benefits programs to assure adequate support during the crucial first years of the new business.

Results

Through the self-employment grant, 54 residents have participated in the training, and almost 30 have completed the program. Graduates are establishing a grocery store, janitorial services, home child care centers, and a floral service. The janitorial services are currently bidding for HABC contracts worth several hundred thousand dollars.

BOSS encourages students to consider a variety of business opportunities. Clothing repair and design, hair styling, appliance repair, gifts, and ceramics are all goods and services provided by BOSS graduates. Public housing residents are also encouraged to develop businesses catering to HABC needs.

Many graduates have decided to postpone starting their own businesses so they can study for a particular license or gain more experience in their field.

Lessons Learned/Adaptations

Success in the business world is rare for most entrepreneurs. However, small business failure often results from lack of planning and poor
business management skills. This program addresses these problems by providing ongoing support for new entrepreneurs. Another factor leading to the success of resident-owned businesses is the availability of HABC contracts.

Despite these positive indications and Community Reinvestment Act requirements that banks provide loans to the communities in which they operate, it is still very difficult for BOSS graduates to secure funding from local financial institutions. The revolving loan fund established by CEBO has been instrumental in filling this gap.

Other hurdles faced by HABC residents have been more difficult to overcome. Space to operate a business is scarce for public housing residents because zoning restrictions often prevent them from operating businesses from their apartments. However, BOSS staff help graduates search for a suitable location.

The various government programs designed to help families get back on their feet—such as AFDC, public housing, and unemployment benefits—are not designed to support entrepreneurial ventures. Waivers are difficult to obtain and are usually inadequate to meet participant needs for health care, child care, and other necessities.

Because of the obstacles, residents must be strongly motivated and maintain their level of commitment over an extended period. Even the initial hurdles that must be cleared before entering the program can be overwhelming. Issues such as child care, transportation, and remedial education must all be addressed for a participant to graduate and start a profitable business.
Bismarck, North Dakota

Education in Business Development

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Program Mission

The Burleigh County Housing Authority (BCHA) offers residents education in business development and opportunities for business ownership. Economic empowerment is enhanced by other activities that promote self-development, particularly for Native American residents.

Program Description

The BCHA business development process occurs in three phases. The first component features workshops that strengthen the confidence and self-esteem of residents and provides general discussions of entrepreneurship. The second phase consists of education in the fundamentals of business management, including marketing, financing and financial management, customer service, and other issues related to home-based businesses. Applying their studies to real life, residents graduate after developing a plan for their own business, which is examined by the class. The final element of the plan mobilizes community resources to assist the new business owners. Experienced entrepreneurs volunteer as mentors, providing insight and support.

Further assistance is provided through market research and financing. For instance, some Native American artists have had help identifying potential retail outlets for their crafts. Loans from the Small Business Administration (SBA) are available for graduates needing capital to start their businesses.

Along with business development, BCHA offers classes in arts and education. These classes teach marketable skills that may be used in future businesses. In particular, the substantial Native American community uses this opportunity to continue its cultural artwork traditions.
History

During discussions with residents, BCHA leaders recognized the need for more economic opportunities. In 1991 BCHA began discussions with SBA. As planning progressed, VISTA was approached and agreed to provide two volunteers. The VISTA workers laid the foundation for the program in the community by recruiting participants and volunteers. A decision was made to hire an instructor to conduct the training, and classes were started in September 1992.

Community Resources

Staff at BCHA were able to identify a number of local resources that could be approached to contribute funds for the program. The North Dakota Department of Vocational Education provided funding for administrative fees, including the salary of the instructor. The North Dakota Council on the Arts contributed funding to support activities involving Native American crafts.

SBA provided support in developing the program and giving free materials, including the primary training book, For Women: Managing Your Own Business. Loans from SBA are essential for the development of many of the new companies.

Because the local economy is fairly small and does not support many large businesses, representatives from BCHA have searched extensively for volunteers willing to act as mentors. Mentors are chosen according to the businesses they operate, so they can be paired with a resident who will be in the same field.

Program Management

Little supervision is required from BCHA. The VISTA volunteers perform outreach activities, recruiting residents for the classes and community entrepreneurs for the mentoring component. They are also responsible for providing continuing support to graduates, coordination of the program, and counseling activities. Classes are conducted by a professional instructor.

Results

Seven resident-owned businesses have been started with the help of this program. Among the goods and services either offered or planned to be offered are Native American arts and crafts, tailoring and alterations, child care, secretarial services, cabinet making, and car repair. An auto mechanic provides the rare service of making house calls.
Even more businesses are anticipated, since more than 20 participants have enrolled in the entrepreneurship training sessions, and more than 40 residents have enrolled in the arts programs.

The intangible results have been the most promising, according to the project coordinator. Soon after classes started, changes in the participants, their families, and their neighborhoods were noticeable. Residents raised their feelings of motivation, self-esteem, and confidence. All of these feelings were reinforced by improved education and skills levels and increased job opportunities. In one instance an employer told a resident that the business classes were an important part of the decision to hire her.

The other significant effect has been improved relations among BCHA, its residents, and community members. The positive media coverage, strong ties between residents and mentors, and active outreach for continuing community support have elevated the community image of public housing in Bismarck.

Lessons Learned/Adaptations

Small classes are effective, allowing participants opportunities to be actively involved in the discussions and promoting strong relations among group members. After graduation this support network carries over into the marketplace.

The housing authority needs to maintain contact with participants after graduation. Business development takes considerable time and patience. Many participants do not attempt to start their business immediately after leaving the program. Continued communication with graduates reassures them of authority support.

Despite BCHA's efforts to nurture support in the community, the housing authority's attempts to secure additional funding have not been as successful as expected. Early in the process, staff saw the need for additional training in grant writing. Fortunately, BCHA was able to keep expenses fairly low. With the assistance they did receive, BCHA was able to establish both the business training and the arts and education program for less than $5,000 in BCHA funds.
Minneapolis, Minnesota
Youth Employment Program

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Program Mission

As part of its goal to improve the quality of life for residents in the Sumner-Olson public housing community, the Sumner-Olson Resident Council (SORC) places neighborhood youth in part-time employment and enhances the experience with a strong educational component.

Program Description

In conjunction with the Chamber of Commerce and the Minneapolis Employment and Training Program (METP), which administers the Job Training and Partnership Act locally, SORC recruits youth to participate in the city’s youth employment program.

Successful applicants and their families receive initial orientation from SORC. They are informed of the strict rules participants must follow, including success in school, exemplary attendance, and appropriate behavior in the work place. They also learn about the impact additional income may have on government benefits such as food stamps and rental assistance. In addition, they receive help with financial planning to minimize the possible loss of benefits.

Because academic progress is required for participation, those who have dropped out of school are given additional support in enrolling in an appropriate school setting. Working with their parents and SORC, students returning to school develop an Educational Development Plan that sets specific goals, objectives, and time frames for their educational career.

SORC works with youth and their parents to overcome any attendance or performance problems, even to the extent of transferring the youth to other schools.
SORC expects participants to play a major role in their search for employment. When a potential position is identified, students are prepared for the job application process. Afterward, they discuss the experience with counselors to identify possible techniques for improving their performances in future interviews.

Youth are employed year-round on a part-time basis. Their employment is generally restricted to 20 hours per week to limit any negative impact on the students' school work or the families' government assistance. SORC teaches participants to focus on the results of their labors, emphasizing completion of tasks and pride in the results.

Although METP only requires monitoring of participants for 1 year, SORC tracks students through high school graduation, providing assistance when needed.

**History**

Located on 12 city blocks, the Sumner-Olson public housing complex is home to 6,300 people. SORC was formed by residents in 1969. Since then the council has grown into a human service agency with an annual budget of $500,000. Employing 43 full- and part-time staff and supported by thousands of volunteers, the council provides more than 25 services to residents.

The council has a highly developed organizational structure. All SORC board members are residents. Together, they develop the policies and programs each year at the annual meeting, which is typically attended by more than 100 residents. The council operates through a number of committees that are responsible for the delivery of various services in areas such as self-sufficiency, neighborhood services, community organizing, and youth education, as well as youth employment.

In 1985 SORC submitted a proposal to METP to place six resident youth in the employment program. Since then, SORC has raised the annual number of placements to more than 125, becoming the city's most productive agency in this program.

**Community Resources**

For more than 20 years, SORC has been cultivating strong relations with other local public and private organizations. In its various activities, the council collaborates with more than 30 other agencies, including hosting the monthly meetings of a human service agency coalition. The most important support comes from the Minneapolis Public Housing Authority (MPHA), which has a tradition of partnership with SORC.

In this youth employment effort, SORC works closely with METP, which pays participants' wages. Financial support for administration of the
The program does not rely heavily on formal administration.

High standards are set and enforced.

program is raised from the local community through grants, personal and business donations, and neighborhood fundraisers.

The council also works closely with the public school system and local private schools, monitoring the academic development and attendance of program participants. Through strong relations with private businesses and the Chamber of Commerce, SORC is able to develop job placements and track each participant's progress.

The most telling source of support is among residents themselves. SORC works closely with the families in their community, and the parents of program participants can often be seen performing volunteer functions in the council office and the neighborhood.

Program Management

The youth employment program is part of a city program operated by METP using JTPA funds. The council operates under a contract with METP to place children in job openings. The contract does not pay for administration of the program, which is funded through the SORC general budget.

While the council provides training, job placement assistance, monitoring of school performance, and other support to the participants, METP is responsible for paying the employees and tracking the program results. There are no formal interagency agreements besides the contract with METP, and MPHA is not formally involved in the program at all, even though they do offer support when the need arises. SORC prides itself on requiring little administration. Instead, staff attempt to channel resources directly into program activities, using dependable, well-trained volunteers whenever possible.

Although the program has strict requirements for behavior, attendance, school performance, and abstention from drugs and alcohol, SORC recruits and retains youth easily because of the support it provides to the families of participants and because of the council's reputation for excellence in the neighborhood and the larger community. The council conducts itself in a professional, businesslike manner and expects the same of its members.

Results

Currently more than 125 youth are employed through the SORC program. The overwhelming majority of participants remain in the program for extended periods, maintaining their responsibilities at both work and school.

About half of the participants had dropped out of school prior to entry into the program. Many of these youth had been active in the Minneapolis gang culture. Although these youth generally require additional
support from SORC staff, they uphold the same standards as other participants.

Equally impressive is the impact the program has on individuals’ lives. Participants learn vital skills that make them valued employees throughout their careers. This program and others offered by SORC have inspired tremendous community activism in the Sumner-Olson neighborhood. Hundreds of volunteers, including program participants and their families, offer their services to improve the quality of life in the area. Cultural activities, neighborhood cleanups, and other cooperative efforts are instrumental in developing a civic pride rarely equalled in city neighborhoods.

Lessons Learned/Adaptations

One factor adding to the success of the program is the Minneapolis economy, which produces a significant number of part-time, unskilled, entry-level jobs that are appropriate for youth experiencing their first taste of the business world.

The Sumner-Olson neighborhood is fortunate to have solid support from MPHA and a strong sense of community that facilitates involvement in the council. Because of its reputation, SORC staff are able to demand high standards from participants and their families and not be disappointed. The group credits its extensive work with parents for much of its success. SORC also understands that neighborhood pride is a strong motivator.

SORC is very responsive to the needs of the community. The group structure almost guarantees that result. The board of directors, which makes all policy decisions, is comprised entirely of residents. Also, whenever possible, the group fills staff positions with residents.

Although residents may not be qualified initially to perform certain jobs, the council attempts to make sure that residents receive the necessary education and training so that residents are qualified to apply for future openings.

When hiring, the group also is careful to select people who care about the community and their job. According to the director of SORC, “You can teach people the technical skills they need to do a job, but you can’t teach them to care.”
Business Opportunities

Galveston, Texas:
Resident-Owned Security Company

Leech Lake Reservation, Minnesota:
Child Care Services Program

Los Angeles, California:
Joint Venture Program

New Orleans, Louisiana:
Resident Loan Corporation

Winston-Salem, North Carolina:
Economic Development Program
Galveston, Texas

Resident-Owned Security Company

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Program Mission

Trying to reduce criminal activity in its developments, the Galveston Housing Authority (GHA) arranged for resident training by the police department. Participants are certified, and some have formed a resident-owned security company that provides protection on GHA property. This activity was the first step in a long journey of community economic development.

Program Description

An 8-week course for residents is taught by the Galveston Police Department. At the end of the course, graduates are certified by the Texas Bureau of Private Investigators. Residents interested in starting their own companies take business classes at a local college.

Although many graduates secure employment in the private market, one resident-owned security company actively recruits among these trained security guards. The company has a contract to watch over GHA developments. The business classes have also benefited residents who have started a lawn care business that has worked for GHA.

GHA has tapped its own resources to create opportunities for residents. Programs such as child care and summer lunch are staffed entirely by residents. As part of their employment contract, child care workers are required to take child development classes at a local community college. This knowledge and experience have enabled some residents to begin planning to open their own child care facility.

Using their contracts and contacts as leverage, GHA leaders urge community businesses to employ residents and provide them with training when needed. GHA staff help the companies identify potential
opportunities and the level of education required. Many educational opportunities are being developed on GHA property as are supportive services, including child care.

History

In 1989 shootings and other violent crimes occurred frequently on GHA property. The developments were often seen in the local media in connection with criminal activity. Local police estimated gang membership in the city to be around 300 youth and young adults. In a city of 63,000, public housing was targeted by criminals because of the lack of security. As a result, 60 percent of the 2,000 GHA residents lived in high-crime areas. Residents often felt powerless to address the situation.

Although GHA applied for and received grants from HUD for drug elimination and youth sports programs, it was obvious that help was needed from residents. GHA staff helped organize resident councils in each development. However, with no clear direction, meetings degenerated into gripe sessions.

The turning point came at one such meeting when, with everyone equally frustrated, GHA challenged residents to come up with possible solutions to their problems. As residents began to understand that GHA really wanted to hear their ideas, cooperation began to develop. The new coalition offered several specific, practical alternatives to address the wide variety of issues confronting residents, including security, education, and jobs.

To attack the crime problem, GHA asked for resident volunteers to patrol the grounds. Residents identified this as an opportunity for economic advancement and brought up the issue of training and pay. Knowing a contract with GHA was waiting for them, residents completed the police and business training and secured GHA as their first client in 1991.

The new relationship between GHA and residents made it easier to obtain funding for other projects as well. Through grants from local foundations, several computer learning centers, a scholarship program, and other educational activities have been developed.

Community Resources

GHA and residents have turned to a variety of sources for assistance in developing their programs. Security training is provided by the City of Galveston Police Department, and funding for business training is provided through the Comprehensive Improvement Assistance Program (CIAP public housing modernization money available from HUD). The Public Housing Drug Elimination Program grant provides money to contract with the security company and for training resident volunteers. Community development block grants were also instrumental in
supporting tutorial programs and physical improvements such as security lighting.

Authority staff have been working to build bridges in their community for several years. By demonstrating the positive effects of an active and productive population, GHA has been able to garner support from many local resources, including city government, neighborhood organizations, and local businesses.

The local college and university have proven to be valuable sources of information as well as job opportunities. The Galveston County Community Action Council has been instrumental, particularly in developing child care alternatives.

**Program Management**

These programs have required increased staffing at GHA. The Human Services Department has grown from three to eight full-time employees in the last 3 years. Each staff person supervises a different program; however, one person is responsible for obtaining funds for all these programs. In addition, volunteers play an important role in implementation. About 12 people devote substantial amounts of time each week to these programs.

**Results**

Since the police training began, 85 residents have been certified. Although crime is still present, its visibility has been reduced significantly. Just as important, residents now have the confidence and the skills required to address the problem.

Resident-owned lawn care and security businesses are enjoying success, and a resident-owned child care center is underway. In the private market, 35 residents have found jobs in 10 different local businesses, including universities, the police department, and local industries.

**Lessons Learned/Adaptations**

The strongest advice offered by GHA officials is to actively promote resident participation in program development. According to Director Ike Francis, "When residents are included in an active manner, both in planning and implementing, the implementation process is easy. When residents are not involved, implementation becomes difficult and irrelevant."

Authorities also need to make a serious effort to identify possible resources in their communities and to develop the relationships required to secure their support. In this instance, local government was supportive early on and even helped GHA establish ties with organizations that formerly had been hostile.
Leech Lake Reservation, Minnesota
Child Care Services Program

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Program Mission

Through a cooperative working agreement, the Leech Lake Tribal Council and the Leech Lake Reservation Housing Authority (LLRHA) have combined efforts to plan and develop local child care services for Indian households. The Reservation's overall goal is to provide affordable child care services so parents can work or pursue further education or vocational training, secure in the knowledge that their children are receiving affordable, quality care. This is accomplished by providing support of direct-administered, center-based child care and by promoting the development of family-based care.

Program Description

Two facilities offer quality child care services to residents at very reasonable fees ($1.40 per hour per child, with discount fees for additional children). The children range in age from 6 months to 12 years.

In addition, the Leech Lake Tribal Council licenses and recruits family child care homes and center-based services. Families are encouraged to open their child care businesses with assistance from a variety of programs, including Home Improvement Mini-Grants, Child Care Training, and Equipment and Resource Lending Library Services, which are funded through the Child Care and Development Block Grant.

Child Care Resource and Referral services are also available to help parents find quality child care and assist family child care providers in establishing their own businesses. This program is part of the State network, enabling referrals both on or near the various communities of the reservation.

The Leech Lake Tribal Council administers a child care subsidy program that provides relief for low-income parents working or attending school. Child care fees incurred by eligible parents are paid through funding...
received from the Federal Child Care and Development Block Grant program.

Because the child care centers have been so well received by the community, the Leech Lake Tribal Council in collaboration with LLRHA is building a child care and community center near its headquarters in Cass Lake. The new center will be licensed to serve approximately 60 children and is being funded through HUD and a Health and Human Services Day Care Demonstration Grant. In addition to day care services, members of the community will be able to take advantage of other comprehensive community services, including weekly health clinics, adult college courses, and community meetings.

History

In 1988 tribal leaders and LLRHA officials determined that 40 percent of the reservation's population of 7,000 consisted of single-parent families, with at least 200 children in need of dependable child care services. However, only 3 family day care facilities were operating at the time, serving a maximum of 30 children. It became evident that LLRHA needed to develop a proactive role and complement the tribe's efforts by supporting both the development and financing of child care programs locally.

When tribal planners began searching for funding sources for child care, they applied for and received two grants totaling $150,000 through HUD's Child Care Demonstration Grants program. Two years later, two community centers were offering child care services—one in Sugar Point and one in Onigum. Both sites were selected based on the needs of the residents and the availability of a convenient facility. These first two centers were located about 40 miles from tribal headquarters in Cass Lake.

Community Resources

Leech Lake Reservation's child care program addresses a vital need in the community. It enables parents to work, pursue educational goals, and improve their standard of living, knowing that their children are receiving affordable, high-quality care. It encourages families to start their own day care businesses by offering a wide variety of assistance programs.

Program Management

Leech Lake employs 12 to 14 people in a variety of capacities. Plans are being made for additional developmental activities.
Results

The Leech Lake Reservation prides itself on the level of child care services provided to its members. Since the program began 5 years ago, two facilities have offered dependable child care services for a very reasonable cost. Some 55 families, 30 of whom are headed by a single parent, have benefited from these child care services. Some of the children, who range in age from 6 weeks to 12 years, have been subsidized by a Federal Child Care and Development Block Grant. A third child care facility is being built.

Lessons Learned/Adaptations

The Leech Lake Tribal Council's child care program has been successful for several reasons. First, it addresses an important need in the community; second, residents wholeheartedly support the efforts; third, residents' needs determine where the centers are located and what types of services are offered; and fourth, the program has received adequate financial support from the Federal Government to cover project startup, implementation, and expansion.
Program Mission

By encouraging partnerships between resident organizations and private companies, the Housing Authority of the City of Los Angeles (HACLA) has developed a mechanism that stimulates business development, provides on-the-job training in various skills, and enables residents to benefit directly from the millions of dollars in modernization funds spent by HACLA each year. In addition to offering the normal business incubator services, HACLA also provides access to a steady stream of income.

Program Description

To accomplish specific short-term tasks, private businesses often combine their resources to form a new company, known as a joint venture. The new company enjoys the support of the parent business in accomplishing its specific duties.

HACLA is now acting as a catalyst in developing joint ventures between private construction companies and resident organizations. The new businesses are created to give residents at least 51 percent ownership, allowing them to enter into contracts with HACLA using the alternative procurement procedures established for resident-owned businesses. These procedures are much simpler than the usual contract bidding process and can be employed by a company for up to $500,000 worth of work.

In addition to easier access to HACLA contracts, the resident groups bring other resources to the new businesses. Resident management corporations (RMCs) are able to recruit and screen potential resident employees and build community support for the parent organizations.

Residents employed by the joint ventures are given training in two important areas: construction and business management. Residents with no
Residents learn construction and business skills through experience.

Private businesses provide for new businesses' technical needs.

Joint ventures offer enduring benefits that force accounts don't.

construction or maintenance experience receive training in basic construction and weatherization skills for 2 weeks. Other remedial training is provided as well.

When the joint ventures begin work on a HACLA contract, employees from the private companies provide on-the-job training for their new partners. Working next to skilled maintenance workers and using the contractor’s equipment, residents learn marketable trades. Professional accountants and executives from the private firm also provide guidance to residents in financial and office management.

The private businesses are able to assist the fledgling companies by providing the required bonding, licensing, insurance, and other technical requirements. Most important, in the 3- to 5-year existence of the joint venture, these partners are able to give residents an entree into the private construction market. This access will ultimately be required for the resident business to survive.

New companies receive a $15,000 grant from HACLA to pay expenses related to launching a new business.

History

Several years ago, HACLA began planning to enable residents to receive some of the financial benefits of their multimillion-dollar modernization budget. For a number of projects, residents were hired by HACLA on a temporary basis to perform the work. However, this option—known as force accounts—did not provide long-term benefits such as extended employment, vocational and management skills training, or business development and ownership by housing residents. Force accounts also required more administrative time to coordinate insurance, benefits, and other legal requirements.

To develop a mechanism that would facilitate the growth of resident-owned businesses, staff began considering the possibility of bringing the resources from an established company into a joint venture with resident groups. As discussions continued, support for the project grew. Resources were identified to provide initial training, legal assistance, and a small amount of funding. Federal and local laws, codes, and regulations were studied for potential barriers and opportunities.

In 1992 HACLA approached a private company to discuss working in conjunction with a resident group to replace toilets in its developments. The citywide resident advisory council formed a nonprofit corporation that entered into a 3-year agreement with the private firm. The resident group kept 51-percent ownership of the new company.
Community Resources

Although many housing authority programs often rely heavily on government and social service organizations, joint ventures are built upon resources provided by the local private construction industry. Companies are asked to assist the new businesses by providing employee benefits and insurance, bonding, licensing, equipment, and other costly items. They are also responsible for training residents to perform the work.

Most of the funding for the project comes from the $27-million HACLA modernization budget. This money, a strong incentive for private businesses to participate, includes funds for resident training, economic development, and other management improvement costs.

City government has provided some of the funding required to operate the program. The mayor's office has been particularly supportive of this economic development program.

A local utility offers training in basic construction and weatherization skills. Local professionals often assist in educating residents. Other training and services are provided through HACLA Community Service Centers.

Program Management

According to HUD regulations, only businesses owned or controlled by residents—that is, those that own at least a 51-percent share of the company—are eligible to participate in the alternate procurement process. A variety of legal structures have been developed to meet this criterion. Some joint ventures are partnerships, and some are corporations. One enterprise, owned solely by the RMC, hires the for-profit business as a consultant. In all cases, the new business is a profitmaking venture. Profits that go to the RMC, however, are put into other community programs such as building new playgrounds or hiring security guards.

In most modernization contracts, HUD allows the contractor to charge its actual expenses and a fair percentage for profit and administration expenses. In the joint ventures, the private company usually gets about three-quarters of the administrative fees, and profit is divided according to the ownership ratio—usually 51 percent for the RMC and 49 percent for the private business.

The joint venture contracts have been structured to last from 3 to 5 years to provide enough time for resident employees to develop the skills to operate their business independently. Daily management functions are typically performed primarily by the private company employees early in the contract, with residents taking on more responsibility as their skills develop. If the joint venture continues after the period of the initial contract, residents will be sufficiently trained to protect their interests.
Contracts establishing the new businesses are complex. They include provisions for formation of the board of directors, establishment of management functions and roles, training programs, support services, personnel policies, payment of expenses, and terms for ending the joint venture.

The boards of directors of the new companies usually have five or seven members, with more representatives from the RMC than the private business. Some members from the community are usually chosen for additional guidance.

HACLA employs a coordinator to administer the effort. The coordinator researches potential resources, recruits participants, provides guidance during the negotiations, and helps the modernization department employees identify suitable contracts for the new companies.

The only other expenses borne by HACLA are the startup grants for the new businesses. Money for the grants comes from HACLA modernization funds.

Results

Five new businesses have been established, four of which are currently under contract with HACLA. Modernization being performed includes replacing toilets, installing security bars on windows and doors, replacing water and sewer systems, and conducting general modernization activity. Each new business provides long-term training and employment for 8 to 16 residents.

The on-the-job training program offers residents an opportunity to attain a position of responsibility. The sense of accomplishment and pride that accompanies that experience is a significant positive result of the program. Resident confidence levels are raised even further through exposure to industry executives, prominent politicians, corporate attorneys, and other contacts made in establishing and managing the business.

Lessons Learned/Adaptations

Because contracts with resident/private partnerships are such a new concept, housing authority leaders must be strongly committed. The executive director, board of commissioners, and department directors must understand the process and convince others of its potential. In particular, they must communicate the plan effectively to residents, contractors, and housing authority staff who will be working with the new companies.

The housing authority should hire one person to coordinate the numerous resources that are needed for success. This coordinator either should be already experienced in construction and business development or should develop a close working relationship with someone with that
experience. Often the housing authority modernization coordinator is a good resource for information about the construction industry and can help identify other contact people. The coordinator will need to do a considerable amount of research to identify and engage the other resources available in the community. A thorough feasibility study would be very helpful.

Extensive planning and coordinating needs to be done before any contract can be signed. The coordinator and other staff will need to build rapport with local unions, construction industry leaders, and others in the private sector.

Good planning will pay off early in the process as realistic goals and time frames are established. Communication of these objectives to residents will be particularly important. Because residents have low incomes, many participants will need the jobs immediately. Delays can significantly jeopardize a project. Residents will also need to understand how much money the contract will put in their pockets. People with no experience in contracting need to be taught that a $1-million contract includes fees, equipment, employee benefits, taxes, and other expenses. The actual amount of funding for labor will need to be clearly understood.

Legal research is essential to protect the interests of residents and the housing authority. The new business must be prepared to handle bonding, insurance, and other issues that arise. Legal research may also be helpful in persuading private companies to participate. Laws requiring companies to hire low-income people—such as Section 3 of the Housing and Community Development Act—may be satisfied by a joint venture. Many local governments have also implemented laws requiring the use of minority-owned contractors. These rules offer additional incentives for companies to participate in joint ventures.

A good private lawyer may be the best source of legal advice for the new business. A lawyer with experience in corporate law will be able to act quickly and may be further motivated because of the potential for earning fees from the company in the future. Some private lawyers are willing to volunteer their services in the early stages of the process.

The joint venture contract should cover issues such as division of responsibility, expenses, and profits as well as training, staffing, equipment, insurance, and liability. The contract should allow flexibility in management duties to allow residents to accept more responsibility as their training progresses.

The resident group selected for a joint venture should be fairly experienced at management. This experience can be gained through administration of HUD resident management technical assistance grants or other long-term projects. The first RMC selected should also have an effective working relationship with the housing authority. This relationship must promote an effective, timely decisionmaking process. Because the
Contracts should be large enough to provide residents with varied experience.

process is complicated. Trust and commitment on the part of all parties are essential.

In many housing authorities, the politics of the resident community must be considered. In Los Angeles, for example, the first joint venture involved the citywide resident advisory group, partly to avoid tensions that could have arisen if one RMC had been working in a development represented by another RMC.

Residents' inexperience in construction work should be rectified with a comprehensive training plan. If background education is required, sponsors for that training will need to be coordinated. Local apprenticeship programs, business colleges, and other resources should be contacted. Lawyers and other professionals that assist the group can teach valuable lessons in accounting, taxes, and other technical areas. Employees of the private company must be prepared to teach their new coworkers.

Because the private company will be adapting to its new role as educator, it is better if the company is already experienced with government contracts, which are more complicated than other projects. The private company is also expected to expose the resident workers to some of its private jobs. This experience will allow the new resident-owned business to perform work for organizations other than the housing authority after the initial contract has been completed. The industry contacts of the private company are also important in attaining future contracts.

The goal of eventual self-sufficiency for the new business must be considered in all decisions. Planning for a long-term stream of contracts is vital. In HACLA construction projects, a $1-million contract usually lasts about 6 months. Therefore, projects should be selected that require several million dollars worth of work after the initial $500,000-contract has been awarded through the alternate procurement process.

Residents should understand that not all employees need to be residents. For enduring success, several employees will need to be experienced workers and managers. These employees may also require higher salaries to keep them with the new company. Julio Morales reminds all participants that “this is a business, not a social experiment.” Employees must be competent and work hard. The business will fail if the only requirements for hiring staff are that they be friends or relatives of the managers. A viable business will provide substantial benefits to the community over the long term.
Program Mission

To address the scarcity of funding for starting small businesses, the Housing Authority of New Orleans (HANO) established the Resident Loan Corporation (RLC) to enable interested residents to reach for the goal of self-employment. One business that received a loan is pursuing further entrepreneurial goals by providing business training to resident youth.

Program Description

RLC offers loans to resident-owned businesses at highly competitive interest rates. The funds can be used to pay for equipment, inventory, legal fees, and other initial costs as well as operating expenses for the first 3 months. Partnerships involving nonresidents are eligible for loans if public housing residents own at least 51 percent of the business.

Established solely as a funding source, RLC quickly recognized the need for residents to learn business management techniques. This type of training was vital to the success of new businesses and to the protection of RLC investments. The organization developed a series of monthly seminars that illuminated the world of business for residents. Seminars presented information about the RLC program as well as technical information on ethics, customer relations, and other business basics. In addition, a local college and several social service agencies presented information about benefits they offer.

As the program evolved, RLC began requiring applicants to graduate from a 12-week business management course sponsored by the corporation. This course educates residents in areas such as recordkeeping, marketing, public speaking, taxes, and developing business plans. Residents have the option of attending one 3-hour evening session each week for 12 weeks or participating in a 6-week course that meets twice each week.

**RLC provides financing to pay expenses related to starting a business.**

**Business training has become an important part of the business development process.**

**Two class schedules are offered to accommodate the varying needs of residents.**
Loans are reviewed by people selected by HANO and the resident council.

RLC hopes to leverage more community resources to help support new businesses.

Cooper RMC used an RLC loan to open a store that offers business management experience—as well as income—to local youth.

A new nonprofit organization was created to administer the loan program.

After completing the course, applicants meet with the director to discuss their businesses. Business plans, expense and income projections, competitors, locations, and other details are carefully reviewed. Once all information has been provided, the director makes a recommendation to the loan review committee. The review committee is selected by the RLC board to examine all applications. The committee includes board members, residents, and other community representatives. After scrutiny by the review committee, both the entire board and the HANO board must approve the loan.

Having granted a loan, RLC reviews the books of the borrower monthly for the first 18 months. After that time, reviews are conducted quarterly.

Plans for further assistance include a mentoring program that would give entrepreneurs a taste of actual business management. Applicants would spend time in businesses similar to the ones they would be starting. After demonstrating the viability of these efforts, RLC intends to begin soliciting other financial institutions for support. Staff will ask banks and other lenders to make loans available in conjunction with RLC projects.

The B.W. Cooper Resident Management Corporation received a loan to establish a sweet shop as part of its Young People's Enterprise Program. The Enterprise Program is using the store to provide on-the-job business training to resident teenagers. Paid $5 an hour for their labor, these youth work 4-hour shifts 5 days a week during the summer, less during the school year. In addition, they receive classroom instruction in all aspects of business management. Because participants are in training, their wages are not included when calculating family rent payments. Cooper plans to use profits from the business to establish other enterprises as well as an educational scholarship fund.

History

After years of troubled management, HANO was ordered by HUD to hire a private housing management firm to assume daily management functions. The well-organized resident councils reacted to the new management with enthusiasm. Residents and management worked together on several economic initiatives, including aggressive enforcement of regulations requiring contractors to train and hire residents as much as possible.

In 1992 the new managers also implemented the resident council concept for a loan fund to help residents establish new businesses. In less than a year, board members were chosen, policies developed, staff hired, and a new organization established. HANO provided $85,000 in economic development funds from HUD for the first year of operation. RLC will receive $500,000 this year and $500,000 next year.

The Cooper RMC was first organized in 1982. The group has seen dramatic growth in the last several years. Cooper is currently in dual
management, working with HANO to run the daily activities of the development.

The group started the Enterprise Program in 1992 as a way to develop new economic opportunities for neighborhood youth. Cooper applied for one of the first RLC loans to pay for supplies and other expenses involved in opening the sweet shop.

Scheduled to open the store in October, Cooper leaders learned early the importance of thorough planning when the health department cited the building for code violations. HANO responded by adding the required sanitation facilities, and the grand opening was rescheduled for August 1993. Applications for training positions in the store were taken and youth were enrolled earlier in the summer.

**Community Resources**

The economic development activities of the resident groups and RLC have been welcomed by the New Orleans community. Housing management—both HANO officials and the management contractor—have strongly supported these efforts. Local media have reported new progress excitedly. Interest produced by the loan program has generated considerable publicity and free advertising for the new enterprises.

Local professionals have volunteered their services to help launch RLC and the young businesses. Accountants have helped RLC put together systems for recordkeeping and monitoring new businesses. They have also conducted seminars and provided technical help for loan applicants.

Through its connections with the local community, Cooper has been able to offer increasingly valuable opportunities to its youth. Local churches and civic organizations have helped develop activities including scouting, education, and recreation. The local office of the Department of Labor assisted the organization in attaining permits to employ minors.

**Program Management**

RLC is an independent nonprofit organization. Seven people make up the governing board of RLC. The citywide resident council selects two members. HANO selects two, the HANO board of commissioners selects two, and the last member is selected from the banking community by the citywide resident council and HANO together. This last member is automatically a member of the loan review committee.

RLC staff include a director, an accountant, and an administrative secretary. Their salaries and the operating budget are funded through a contract with HANO to provide economic development services to residents. RLC uses contractors to conduct business classes and to provide technical assistance to participants before and after the businesses open.
Loans offer modest interest rates, and no payments have to be made in the first 6 months.

Business classes help ensure success for entrepreneurs and RLC.

Four new businesses are being developed, and many new ideas are being examined.

Loans from RLC are attractive to new business owners for several reasons. First, interest rates are fixed at 2 percent above the prime rate. So in July 1993, the interest rate was approximately 8 percent—compared to the 11–12 percent that would have been available from a conventional lender. Second, no payments are due for the first 6 months to give entrepreneurs time to establish themselves. Only in the seventh month does interest start accumulating and repayment begin. Third, the term of a loan cannot exceed 5 years. Known as a balloon payment, fixed payments are to be made for 59 months, with the balance due in the 60th month.

Because most participants do not have collateral and may have imperfect credit records, to a large extent loans are based on the character of the individual and the prospects for business success. Both of these issues are addressed in the business classes. Attendance, participation, and performance are considered when evaluating the character of an applicant, and the classes are designed to help the applicants become better business people.

The Cooper Sweet Shop is managed by one adult resident. At any given time, two young people work with the manager in the store. On-the-job training is provided on a rotating basis, with each youth working for 1 month before being replaced. A consultant hired by HANO provides additional instruction in business management.

Youth must maintain a C average in school, establish a good attendance record, and demonstrate positive behavior. Cooper parents provide tutoring if youth start to slide in the first area.

Results

RLC has granted four loans, averaging less than $25,000 each. Fifteen other entrepreneurs are currently in the application process.

The businesses being established include the Cooper Snowball/Sweet Shop, the Lagniappe Cafe and Grill, the Juice Bar, and Guste High-Rise Cleaners. The sweet shop has accepted 45 youth into its business training program. The cleaners provides a dropoff site for an existing dry cleaning company, with plans to expand services until it is able to perform the cleaning itself. All four companies are expected to open in 1993.

Other proposals include a Subway franchise, a print shop, a day care center, an environmental testing company specializing in hazards such as asbestos, and a cleaning service for vacant HANO units.

Lessons Learned/Adaptations

Adequate training in business management is a primary concern in development of the program. RLC has steadily raised the required level of
business education needed for loan approval. Various forms of training are being examined, including classes, on-the-job training, mentoring, and partnerships with established businesses. Because lack of planning and poor management skills usually lead to business failure, these training requirements are seen as a tool for building stronger foundations for the new companies.

In situations where training is not practical, residents must be sure that technical assistance providers are fully competent. For example, in the case of the Cooper Sweet Shop, the contractor’s ignorance of health code requirements led to a 10-month delay in opening.

Zoning and other local codes may also present problems. However, because economic development is usually politically popular, it is wise to enlist elected officials as allies in negotiations addressing codes established by politicians.

Internal bureaucracy is an important factor as well. The director of RLC believes that loans need not be approved by the HANO board and that final review adds unnecessary delay for the borrower and extra burden to HANO board members. He is currently examining possible changes to RLC bylaws to streamline the process.

The red tape is extended further because RLC must issue checks through HANO. After the change has been made to allow RLC to issue the checks directly, the group intends to issue three loan checks. The first will fund equipment and fees to enable the business to open. After the first month of business and verification of proper use of the initial funding, one additional check will be issued for the next 2 months to pay for operating costs.

Because residents are allowed to enter into partnership with nonresidents, there is some danger that con artists will be tempted to start a business to gain access to the loan fund. RLC hopes to prevent that situation by requiring nonresidents to offer collateral whenever a partnership requests more than $50,000.

Residents and staff agree that internal motivation and tenacity are vital to success in business and in life. Residents often need to be the catalysts for change. In New Orleans, residents realize that loans would be almost impossible for them to attain through normal channels. Therefore, they have worked hard to develop their own funding source.
**Winston-Salem, North Carolina**

**Economic Development Program**

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**Program Mission**

The Housing Authority of the City of Winston-Salem (WSHA) is committed to incorporating economic development into all its policies. Working closely with resident organizations, WSHA has adopted a comprehensive approach to raising residents' incomes by assisting in the development of resident-owned businesses, increasing the number of available job opportunities, and removing barriers to economic growth.

**Program Description**

Resident organizations in four family housing developments combined their resources to form a citywide resident management corporation (RMC). Named after the four developments, the Kimberly/Piedmont Cleveland/and Happy Hills (KPCH) RMC is using a resident management technical assistance grant (RMTAG) to provide members with education in business management. KPCH has used this knowledge to run businesses that meet a demand in the local economy.

The organization employs 10 to 15 people and fulfills contracts with the housing authority for services such as landscaping and maintaining common areas. KPCH also operates a convenience store in the neighborhood and has helped a resident start her own catering business.

WSHA supports these resident enterprises by contracting with them for appropriate services. If the businesses need capital to purchase equipment before work can begin, the housing authority provides payment in advance.

The housing authority leadership also urges all the companies that it hires to train and employ qualified residents. Six people have already...
been hired through this effort, including security guards at each development.

When residents boost their incomes by getting a job or a raise, WSHA does not increase their rent until the next annual recertification. This option takes away some of the “punishment” for residents who succeed in increasing their income.

When income climbs to the point where 30 percent of that income is no longer a reasonable rent, a family can move to a WSHA-owned development with fixed rents. This allows residents to save the difference between the fixed rent and the amount they would pay in traditional public housing.

WSHA is also planning to develop a revolving loan fund to help budding entrepreneurs even more.

History

Much of the initiative for the economic development activity in WSHA came from the residents. Resident councils had been active in Winston-Salem for 10 years and had developed a strong, independent philosophy. However, until recently this quality was wasted in disputes with WSHA leadership.

There was also a major drug problem. The local convenience store was closed down and overrun by drug dealers, who unabashedly did their business in plain view.

In 1992 the housing authority selected a new director who was willing to work with the resident groups. Also in that year, the resident organizations combined forces and were awarded funds under the RMTAG program.

KPCH and WSHA used these events to forge a new partnership. United, they were able to secure financial support from local foundations and charities to purchase and restock the convenience store. They also began working together to support new neighborhood businesses, each group contributing the resources it had to offer.

Community Resources

The most important resources KPCH and WSHA were able to channel were their own. Residents were very active in planning and implementing the various activities, and the authority examined its operations carefully to identify potential opportunities. Beginning with their own partnership, KPCH and WSHA began developing relationships with many other groups.
In addition to providing RMTAG money for business training, HUD approached its rent calculations and other management issues with flexibility. WSHA took full advantage of the money it received from HUD and new regulations regarding resident economic empowerment.

Local resources were crucial as well. The United Way and other local agencies provided money and technical assistance to rejuvenate the convenience store. In addition, the Salvation Army and the Boys and Girls Club brought their resources to the community.

**Program Management**

The most important management issue was WSHA's view of the resident councils. When WSHA began seeing the RMC as a potential resource, partnership became possible. WSHA also changed its interpretation of its own mission. Management began to look at every activity as a potential opportunity for economic development. Part of the new vision allowed the authority to take full advantage of flexibility in HUD rules and regulations on behalf of the residents. These changes in the vision of community leaders caused them to adopt and adhere to higher standards for all residents and staff.

The WSHA board of commissioners provided important support in moving the authority in this new direction. This policymaking body was the vital third component in the three-way collaborative effort.

**Results**

Through the businesses developed by the RMC, 10 to 15 people have gained employment, working on more than $80,000 worth of WSHA contracts. Five of those people are employed in the convenience store.

At the insistence of WSHA, six people have been hired by contractors who do work for WSHA.

Even more important, community pride has resurfaced. One KPC neighborhood was honored by the United Way of America for community involvement in drug elimination activities.

Business at the store is increasing as residents realize that it is run by neighbors. The group estimates the store will be self-sufficient in less than 2 years.

**Lessons Learned/Adaptations**

Success in Winston-Salem was achieved through a comprehensive, high-quality approach. By engaging in serious dialog and providing quality opportunities for improvement in significant community issues such as economics and safety, WSHA was able to transform its relationship with
residents into one of trust, cooperation, and meaningful discussions. Then the leaders of both organizations were able to foster excellence in the entire community.

WSHA management is convinced of the benefits of viewing resident organizations as an asset. The improved relationship between WSHA and KPCH enables residents to provide effective input in program planning and help in implementation and evaluation.